

In the Matter of)	
)	Order No. Do4-145
LIBERTY MUTUAL FIRE INSURANCE)	
COMPANY and)	CONSENT AND ORDER
)	LEVYING FINE
THE FIRST LIBERTY INSURANCE)	
CORPORATION,)	
)	
Authorized Insurers.)	
_____)	

FINDINGS OF FACT

- 1) Liberty Mutual Fire Insurance Company and The First Liberty Insurance Corporation are authorized insurers in the state of Washington. Both companies are part of the Liberty Mutual Insurance Companies Group.
- 2) On June 19, 2003, the Office of Insurance Commissioner received the companies' rate filing, LibertyGuard Homeowners Policy Program, HO SR 903. The filing was for an 11% increase on the homeowners program which was to be effective October 20, 2003.
- 3) On July 15, 2003 the OIC received the companies' rate filing, No. HO Tier. The filing was to implement a new tier program in its homeowners rating structure to be effective September 15, 2003.
- 4) December 3, 2003 both filings were approved with an effective date of December 15, 2003. The revised effective date was proposed by the companies via letter on December 1, 2003.
- 5) On December 15, 2003 the companies implemented the 11% increase. It did not implement the tier program. The result was the companies' use of rates other than those that had been filed and approved.
- 6) On December 26, 2003, the OIC received a third rate filing, No. HO INF. The filing was disapproved January 23, 2004 and later withdrawn.
- 7) On February 5, 2004, the OIC received filing IPP FM, the purpose of which was to align the filed rates with the rates that were in use. The filing was approved February 6, 2004, thus, ending the violations.

CONCLUSIONS OF LAW

- 1) With the use of rates other than those that were in effect under the companies' approved rate filings, the companies violated RCW 48.19.040(6).

CONSENT TO ORDER

NOW, THEREFORE, the companies consent to the following in consideration of the desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the companies' fine and such terms and conditions as are set forth below:

- 1) The companies consent to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consent to the entry of this Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
- 2) Within thirty days of the entry of this Order the companies agree to pay to the OIC a fine in the amount of \$20,000 , of which \$10,000 is suspended for a period of two years on condition that the companies shall not violate the provisions of the Washington State Insurance Code or Washington Administrative Code which are the subject of this Order.
- 3) Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the companies' certificates of authority and for the recovery of the full fine, including the suspended portion.
- 4) The companies understand and agree that failure to comply with the statutes and regulations which are subject of this Order during the two-year period following entry of this Order shall constitute grounds for recovery of the suspended portion of the fine.

EXECUTED this _____ day of _____, 2004.

LIBERTY MUTUAL FIRE INSURANCE COMPANY
THE FIRST LIBERTY INSURANCE CORPORATION

By: _____

Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

- 1) Liberty Mutual Fire Insurance Company and The First Liberty Insurance Company are ordered to pay a fine in the amount of \$20,000, of which amount the sum of \$10,000 is suspended upon the condition that the companies fully comply with the laws and regulations of the State of Washington which are the subject of this Order for the next two years.
- 2) The payment liability and compliance obligations of the companies under this Order are joint and several.
- 3) The companies' failure to pay the fine within the time limit set forth above shall result in the revocation of the insurers' Certificates of Authority, and in the recovery of both the suspended and unsuspended amounts of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this ____ day of ____, 2004.

Mike Kreidler
Insurance Commissioner

By: _____
Mary M. Cotter
Staff Attorney, Legal Affairs